

JUN 14 1954

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MEMORANDUM FOR: Deputy Director/Intelligence

SUBJECT: Survey of ORR

I. General Comments

1. The survey emphasizes a number of substantive and management questions, which are fully recognized by responsible officers in ORR and for which corrective action has been under way for some time.

2. The actual survey was conducted during the first two or three months of 1954. Therefore, the report is dated and does not fully reflect more recent developments.

3. The report does not give a balanced qualitative picture of ORR activities because emphasis is placed on weaknesses without explicit favorable comment on areas of strength.

4. There is frequent reference to the volume of production not being high in various components without an indication of the standard used in arriving at such conclusions.

II. Specific Comments

1. In respect to the Conclusions on page 1, the quality of economic reports is criticized. Efforts are continually being made to obtain more focus, better organization, and less technical verbiage in the reports now being prepared. Formal guidance on the organization and preparation of economic reports was published on 4 June 1954. A complete manual on report preparation is under way. The Publications Officers for the last few months have been placed in the producing divisions to assist in assuring better organized and better written manuscripts.

2. In respect to paragraph 2 under Conclusions, any component must strive for that delicate balance between the amount and quality of work required and the staff that is permitted in order to carry out its mission.

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3. In commenting on paragraph 3 of the Conclusions, it should be pointed out that the three Area Chiefs are essentially Deputy Assistant Directors and meet formally at least three times a week with the Assistant Director and the OAD Staff Chiefs. It can be questioned whether further expansion at this level is required at this time.

4. In respect to paragraph 5 of the Conclusions, strenuous efforts have been made to sit down with officers in OCI in order to more clearly define the type of support desired. Approximately 270 current support memoranda on specific current intelligence items in the Soviet Bloc economic field have been forwarded to the Office of Current Intelligence and have been used by the Indications Staff and by OCI analysts as background. Some have been used directly in publications. The Economic Area has scheduled timely reports on the Soviet economy for consideration in the publication of the CIR. In view of ORR's expressed desire to increase support to OCI, the criticism appears to be somewhat excessive.

5. ORR has been fully cognizant of the confusion in regard to analyses of trade and has taken the necessary administrative steps to correct this situation, although further education of individual analysts will be necessary.

6. There is, of course, room for improvement with respect to training, particularly in regard to research methods and writing of reports. It should be pointed out, however, that ORR has moved ahead a considerable distance in organizing its language and professional training program.

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8. With reference to paragraph 5, page 4, the type of reporting from the Economic Area has changed during the past six months. Working papers are no longer issued for general distribution because they did not necessarily reflect ORR's views. All reports now emanating from ORR receive the backing of the Office. It should be pointed out that the internal projects in support

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of ONE are the very important contributions for use in the preparation of National Intelligence Estimates. The following table gives the report production of the Economic Area for the last half of Fiscal Year 1954:

	<u>Regular</u>	<u>Special Center</u>
Economic Intelligence Reports	10	10
Provisional Reports	23	
Intelligence Memoranda	5	1
Research Aids	3	1
Internal Projects	12	1
Miscellaneous Projects	<u>2</u>	<u>1</u>
Totals	55	14

Grand Total 69

9. In the general comments on the Economic Area, page 5, a statement regarding promotional policy was made. In view of a misinterpretation within the Economic Area, the Office issued a promotion policy which has been followed for several months without deviation. It is entirely possible, however, that actions within the framework of this policy may vary considerably at different levels of command, and that further explicit interpretation is needed. It was further stated in this section that personnel returning from overseas assignments have not been handled satisfactorily. No case of this type can be recalled. Some difficulties have arisen, because of reorganization during the past year, in placing some of the individuals returning from training at service colleges. Future programing of non-CIA training for ORR personnel will give full consideration to this question.

10. In discussing the Staffs of the Economic Area, it was stated that they "have a combined total T/O of 50. Prior to reorganization there was only one Staff, the Advisory Staff, with a T/O of 4." This implies an increase of 46 in the Staffs of the Economic Area, and it is, therefore, necessary to note that the functions of the Publications Staff were conducted by a group of approximately the same size prior to reorganization, that the Estimates Group of the Planning and Review Staff was formerly a branch of the Analysis Division, and that part of the function of the Support Staff was located in the former Strategic Division.

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11. With reference to the comments on the Analysis Division, its T/O was increased because of the need for that division to more fully undertake its very important responsibilities of integrating the economic research of the functional divisions in providing comprehensive aggregative studies of Soviet Bloc economic trends for primary consumers. In view of the complexity of the work to be performed, it is somewhat surprising to find that the volume of output is not considered high.

12. Although final responsibility for nuclear energy intelligence rests with OSI, as mentioned in the comments on the Industrial Division, page 8, ORR will provide economic research on nuclear energy industries of the Soviet Bloc in support of, and in close collaboration with, OSI.

13. The problem posed in the report regarding the Aircraft Branch is under study.

14. The Consumer Industries Branch, discussed under the comments on the Materials Division, page 9, was established because of the great increase and the attention given to consumer industries by the Soviets in their "new course." The problem presented by this sector has been the subject of group discussion with division chiefs, and is now under intensive study in an effort to obtain a workable and relatively permanent solution.

15. On page 11, it is stated that the production of the Techniques and Methods Division is low. Its production potential increases geometrically with the assembly, collation, and analysis of [REDACTED] and documentary material. The suggestion that its operations might be reduced to a trained cadre implies lack of understanding of the usefulness of this approach to intelligence research on the economy of the Soviet Bloc. Mention is made of two consultants, [REDACTED]. They have been notified that request for their services by ORR will be substantially reduced during Fiscal Year 1955. The present Chief has aggressively assumed his full responsibilities as leader of the division, and this is thoroughly recognized by [REDACTED]

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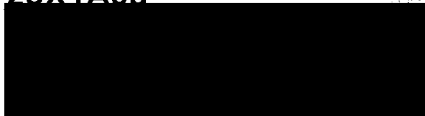
16. In commenting on the Basic Intelligence Division, pages 13 through 15, it was pointed out that it would take five years to complete all of the NIS Chapters. It is doubtful that all of these Chapters will ever be completed, since some relate to very low priority countries. At present there is 70 per cent completion on the 19 high priority areas specified by the JCS, and 35 percent completion on the total NIS Program as originally conceived. The backlog is rapidly being reduced, and it is anticipated that within a few months the lag between initial review of manuscript and final publication may be reduced to between six to three months. A very large number of sections are currently backlogged in the Reproduction Division awaiting final publication. There is no question that Foreign Service and Military Attache reporting officers are not particularly impressed with NIS publications, since they have little direct need for them. Some men returning from Embassies abroad state that the NIS publications have not been brought to the attention of officers who can make maximum use of them. It stands to reason that intelligence producers, current in their various fields, will have only secondary interest in these basic intelligence studies. The higher echelons of planners and the commands abroad, who require ready basic intelligence on foreign areas for strategic planning, operational planning, and training, have, in general, indicated the great value of these studies, and appreciate the absolute need for such organized information in times of emergency. The NIS Committee is striving toward a better definition of content with the subtraction of non-essential information.

17. On page 16, it is stated that the Strategic Trade Branch meets the Economic Defense Division's responsibilities in carrying out the U.S. economic defense policy. In actuality, the division, as a whole, is responsible for providing intelligence on the Soviet Bloc in support of policy planning in the economic defense field. It is generally agreed that a complete picture of clandestine East-West trade would be useful, but, at the same time, it is recognized that such a complete picture is impossible of attainment. There will always be a gap in our knowledge of total East-West trade, even though the Strategic Trade Branch is responsible for assembling all available intelligence on illicit transactions. It might be noted that the Chief of the Strategic Trade Branch is also the CIA member of the newly established Diversion Control Net, a U.S. mechanism for increasing enforcement measures.

18. Although continued attention will be given to the proper placement of the Photo Intelligence Division, it can be said that aerial photo interpretation has strong roots in the geographic profession. A large percentage of the analyses undertaken by the Photo Intelligence Division are concerned with generally accepted geographic facts within the area examined. Its location in the Geographic Area, is, therefore, not illogical. With limited staffing, comprehensive photo interpretation reports are not possible. Photo interpreters work from extremely detailed source material, and can cover only very limited areas in direct response to highly localized requests.

19. Careful consideration will be given to all of the recommendations presented, and actions deemed appropriate will be taken as rapidly as specific situations permit.

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